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From:

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Cc:

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The gain is dependant on whether the partnership treated the partner as having sold his interest in year 1 and the partnership's records of its accounts receivable and other ordinary income assets for that year. Each year is a separate cause of action. So the fact that the partnership may have erroneously issued the partner a Schedule K-1 for a later year, contradicting its treatment of the partner having been terminated in year 1, is irrelevant for purposes of determining gain in year 1. If the partnership did not treat the partner as having sold his interest in year 1, we would have to issue an FPAA for year 1 to determine that the partner in fact sold his interest in that year for purposes of computing his section 751 gain.